

NATIONAL BOARD OF TRADE.

ACTION

IN FAVOR OF THE

RENEWAL OF RECIPROCAL TRADE

WITH

CANADA.

MILWAUKEE, AUGUST, 1877.

BOSTON :

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JAMES F. COTTER & CO., PRINTERS,
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THE RENEWAL OF RECIPROCAL TRADE WITH CANADA.

At the Ninth Annual Meeting of the National Board of Trade, held in Milwaukee on the 21st of August, 1877, and three following days, a Committee was appointed to confer with the gentlemen in attendance as a delegation from the Dominion Board of Trade, and to consider and report upon the subject of reciprocity.

The Committee was constituted as follows: Messrs. HAMILTON A. HILL, of Boston; J. S. T. STRANAHAN, of New York; WM. P. McLAREN, of Milwaukee; WILEY M. EGAN, of Chicago; E. P. DORR, of Buffalo; J. D. HAYES, of Detroit; and R. B. BAYARD, of Baltimore.

After a conference with the Canadian delegates, and after due consideration, the Committee agreed upon the following report and resolutions, and submitted them for the approval of the Board.

REPORT.

THE Committee to which was referred the question of reciprocal trade relations between the United States and the Dominion of Canada, begs to report:

The National Board of Trade has repeatedly had before it for its consideration the question of reciprocal trade between the United States and the Dominion of Canada, and has uniformly and with almost absolute unanimity expressed itself heartily in favor of the renewal of this trade, suspended in 1866, on such terms, mutually advantageous, as may be agreed upon by the nationalities interested.

Nothing as yet having been accomplished, the subject again comes before the Board, having been placed on the programme for the present meeting at the instance of one of the constituent bodies, and being suggested, also, in connection with the presence among us of honored delegates from the Dominion Board of Trade.

The treaty of 1854, the result of long years of disputation and negotiation, and the product of the joint labors of such statesmen as Mr. WEBSTER and Mr. MARCY, Sir HENRY BULWER and Lord ELGIN, was abruptly terminated at the instance of the United States Government, under authority and by direction of Congress, expressed in a resolution approved January 18, 1865, and communicated by Mr. ADAMS to the Foreign Office, March 17 of the same year.

It should be remembered that the notice of termination—to take effect at the end of twelve months—was absolute and peremptory, no representations being made by the Government of the United States as to the working of the treaty, no efforts being put forth on their part to correct inequalities under it, and no suggestions being proposed by them for negotiations of any kind in reference to it or to another treaty to succeed it.

It should be remembered also that this action at Washington took place in opposition to the strongly-expressed opinions and wishes of the business men of the country. Prominent Boards of Trade and Chambers of Commerce, West and East,—Chicago, Milwaukee, and Detroit, New York, and Boston,—protested earnestly against any rupture of the intimate and profitable international commercial relations which had developed under the treaty; and the Detroit Commercial Convention of 1865, an able and representative commercial body, after a long and careful consideration of the various questions involved, united in urging the Government of the United States to open negotiations without delay for a new treaty to take the place of that which was to expire in accordance with the notice of termination already referred to, which had been served. It is not known that any commercial body in the United States asked the Government, or desired it, to take the course it did take.

It was, of course, generally understood that the treaty had not worked in all respects as had been expected, and that it

might and should be changed and improved to bring it into harmony with the condition of affairs which had come into existence since its negotiation. It was said in the report of a Special Committee of the New York Chamber of Commerce : "The majority of the people of British North America, as well as of the States most interested in the subject, are in favor of a renewal or modification of the Reciprocity Treaty, in order to retain its benefits."

As long before as 1859, when it had been complained in this country that recent Canadian legislation had been adverse to the spirit of the treaty, Lord NAPIER, then British Minister at Washington, submitted proposals for "the confirmation and expansion" of free commercial relations between the United States and the British Provinces.

In a dispatch from Earl RUSSELL to Sir FREDERICK BRUCE, dated March 20, 1865, after notice of termination had been received, it was said : "Her Majesty's Government are quite willing to reconsider the Reciprocity Treaty, in conjunction with the Government of the United States, to negotiate for a renewal of it, and so to modify its terms as to render it, if possible, even more beneficial to both countries than it has hitherto been. But before any modifications of that treaty can be considered, Her Majesty's Government must be informed whether the notice given by Mr. ADAMS, in terms so peremptory, is intended to put an end to the treaty, or whether it leaves open the door to negotiation. In the former case, Her Majesty's Government can only regret that relations which, by conciliatory communications, might be rendered more intimate, more friendly, and more beneficial, should be broken and interrupted by the Government of the United States. In the latter case, you will ask Mr. SEWARD to inform you in detail of the points upon which modification of the treaty is desired."

It would seem from the published correspondence that the administration of the time at Washington, was disposed to meet the British Government in the matter in a friendly spirit. The British Minister at Washington wrote to the Foreign Office under date of March 9, 1865, as follows : "Mr. SEWARD requested me to say to your Lordship that, with a view of still further inaugurating a more friendly policy with Her Majesty's Government, they were perfectly willing as the season advanced

to enter into negotiations for a remodeling of the Reciprocity Treaty on terms which might prove, he hoped, advantageous and beneficial to both parties." Again, under date of June 7: "The illness of Mr. SEWARD, and the pressure of business thrown upon this Government by the assassination of the President, and the sudden collapse of the Confederate Government, have made it impossible to execute hitherto your Lordship's instructions to obtain a statement of the points in the treaty which the United States wish to submit to fresh negotiation."

Later, after a circular to Collectors of Customs had been issued by the Secretary of the Treasury, and published in the papers, announcing the approaching termination of the treaty, Sir FREDERICK BRUCE wrote, on the 6th of November: "On seeing the enclosed notification in the newspapers, I thought it advisable to ask Mr. SEWARD whether it was merely an administrative measure called for by the approaching expiration of the Reciprocity Treaty, or was intended to be a declaration of the Government against the renewal of the treaty. Mr. SEWARD stated that he was glad I had asked him the question, in order that the import of the notification might not be misapprehended. He said that the question of the treaty remained exactly as it was, and that the notification was not based on any action of the Cabinet, but was issued by the Secretary of the Treasury as an administrative act which could not be legally deferred."

But however well disposed we may believe President JOHNSON and Mr. SEWARD to have been, to the immediate renewal and modification of the treaty, there were opposing influences in active operation, which, as we know, prevented the opening of negotiations to that end at that time.

On the 17th of February, 1866, Mr. SEWARD wrote to Sir FREDERICK BRUCE as follows: "Careful inquiry made during the recess of Congress induced the President to believe that there was then no such harmony of public sentiment in favor of the extension of the treaty as would encourage him in directing negotiations to be opened. Inquiries made since the reassembling of Congress confirmed the belief then adopted, that Congress prefers to treat the subject directly, and not to approach it through the forms of diplomatic agreement."

In the meantime prominent officials from Canada and the other Provinces had been in Washington, and in connection with, or with the countenance of, the British Minister, had endeavored to arrange terms with the Committee of Ways and Means for, at the least, a temporary continuance, by legislation, of reciprocal trade between the two countries. But the effort was fruitless; and on the 17th of March, 1866, the treaty expired. The confederation of the British North American Provinces soon followed, and the Dominion at once set itself to work to build up a system of manufactures of its own, and to extend its commerce, by way of the gulf, with its sister colonies, and with other countries, so as to render itself, so far as might be, independent of the United States. As an illustration of the severity of the shock which the termination of reciprocal trade under the late treaty administered to commercial exchanges between the two countries, it may be said that it took seven years to recover from the reaction which followed, and to attain again the amount reached during the last year of the treaty; and, that the proportion of the entire foreign trade of Canada carried on with the United States, has fallen from 52 per cent. to only 35 per cent. of the whole.

But the largely increased exchange of products was only a part of the advantage which resulted to the two countries from the treaty of 1854. By that treaty all the vexed and complicated questions relating to the Fisheries, which had been the subject of constant correspondence, and, we may add, the occasion of almost constant irritation, between the Governments of the United States and Great Britain, from the close of the War of Independence until 1854, were put to rest. Since 1866 all these questions have been revived, and, at this moment, a commission is in session at Halifax for the purpose, if possible, of determining them again for another period. Distinguished arbitrators and learned counsel are employed in efforts to ascertain the precise rights of the two parties respectively, and to adjust the pending difficulty between them. Great Britain, in behalf of the Dominion of Canada, has made a claim upon the United States for nearly \$15,000,000 as balance of compensation for the fisheries opened under the Treaty of Washington. This claim depends in part upon the assumption made by the Government of Great Britain, but controverted by

that of the United States, that on the termination of the reciprocity treaty of 1854 the convention of 1818, which had been in abeyance, came into full force again, with the strict construction of its provisions in reference to "headlands," on which the British Government has always insisted. How this difficult diplomatic question will be decided, we do not know; but this we are well aware of, that if a new reciprocity treaty had been promptly negotiated, to take the place of that which ceased to be operative in 1866, the issue would not be open, and the English claim for \$14,800,000 against the United States would never have been set up in behalf of Canada.

The time would seem to be opportune for the presentation of this subject to the President of the United States by the business men of the country, with the request on their part that he will consider the expediency of taking early action in reference to it, and of calling the attention of Congress to it in his first annual message. The overtures for new negotiations must of course come from the Government of the United States, which took the responsibility of putting an end to the former treaty; but as far as can be judged from the official correspondence which has been published, there is little doubt that the Government of Great Britain will cordially respond to any desire expressed by our own for a new one, and will be ready to join in taking the necessary steps to secure it. Indeed, as showing the friendly disposition of both Governments in the matter, it should be remembered that an attempt was actually made to negotiate a new treaty in 1874, and why it did not succeed has never been made quite apparent. It may be hoped, however, that that failure will not discourage the new administration from taking action at the proper time and in the proper way.

If the National Board of Trade may be allowed to make a suggestion, it would advise that, at the outset, a new treaty should not be required to cover too much ground. Let the principle of reciprocity be first admitted by and between the two Governments: and then let its application be made as broadly as shall seem desirable and practicable to both. This Board has already expressed itself in favor of some such international arrangement as the German Zollverein, but this probably would not at present be satisfactory to our Canadian

neighbors. Mr. (now Sir ALEXANDER) GALT, as long ago as 1862, said that in his opinion, a Zollverein would be wholly inconsistent with the existing relations between Canada and Great Britain; and most Canadian statesmen are understood as taking the same view. It would seem to be inexpedient, therefore, to unduly press this point now, or any other which, judging beforehand, would probably be unacceptable to any one of the parties in interest. Perhaps the effort of 1874 failed because this consideration was not duly regarded.

Nor need we stop to inquire as to which of the two neighbor countries most needs, or will most greatly be benefited by, a new treaty. In this connection it was well said in a report of the Committee on Commerce of the House of Representatives, submitted to Congress on the 5th of February, 1862; "Let us not inquire curiously which of the two would render the most useful service to the other under a just system and perfect development of actual reciprocity. The various parts of the American continent, like those of the human body, are wonderfully adapted to each other. The different portions of the continent do not profitably admit of any commercial separation, and the principle of unrestricted commercial intercourse with the British North American possessions has been approved alike by free-traders and protectionists at all periods of our national existence."

There is another point to which it would seem proper that the National Board should make some reference in discussing this question. A prominent New England politician, in the course of a speech on the Fourth of July last, said: "I most frankly avow that the incorporation of the British American Provinces in our Union would be a vast addition to our strength, and a large element added to our growth and prosperity. No manlier, stronger, abler, better portion of the Anglo-Saxon race can be found on the globe than that which inhabits the Dominion of Canada. They are not at present contemplating any union with us, nor are we making the slightest overtures towards them; but the continued growth of mutual interests, and the quickened and quickening influence of constant intercourse, will, in my judgment, ultimately bring us together. Our relations with them daily grow more intimate; we are drawn toward each other by a thousand ties of interest, friendship

and kindred ; and the outpouring of our sympathy for their lately stricken city, is but an expression of the kindly regard we feel for their entire people."

Now, to the members of the National Board of Trade, "whose business," to quote the language of an English merchant, "is their politics, not politics their business," this picture of growing mutual interests and relations daily becoming more intimate, while it might have accurately portrayed the state of things existing with more or less variation between the years 1854 and 1865, does not seem correct in its delineations at the present time. The policy deliberately adopted by Congress in 1865 had the effect to erect barriers between our Canadian neighbors and ourselves ; to make "strangers and foreigners" of them, rather than brethren ; to throw them exclusively upon their own resources ; and to render them independent of us. That policy should be reversed, and then we shall have an opportunity of seeing what the "quickened and quickening influence of constant intercourse" will accomplish. If we would have the Canadians for friends, let us show ourselves friendly to them. What the result, politically, of uninterrupted reciprocity would have been, or of renewed reciprocity will be, the Board does not care to inquire ; nor would it have the discussion of the commercial question complicated, either in the debates of Boards of Trade or in the speeches of our public men, by the introduction and admixture of any such political considerations. The end to be attained is "an unity, not of governments, but of peoples." The union of the former without the latter would be a curse to both. The union of the latter, either with or without the former, might be made to both an incalculable blessing.

The following resolutions, in conformity with the foregoing statement of the facts of the case, are hereby submitted for the approval of the Board :

Resolved, That the President of the United States be and he hereby is respectfully requested to consider the expediency of recommending Congress, in his first annual message, to authorize and provide, by appropriate legislation, for the appointment of a Commission to co-operate, on the part of the United States, with a Commission to be appointed by the Government of Great Britain, in the

negotiation of a treaty of reciprocal trade between the United States and the Dominion of Canada.

Resolved, That the object of the proposed treaty being the promotion of kindly feeling and mutually profitable trade between two kindred communities living in near proximity to each other, the negotiations now recommended should be conducted in a liberal spirit, and with a view to securing such concessions on both sides at the outset as are generally recognized as desirable, and as are immediately attainable, leaving it to time and experience to indicate by what methods and to what extent further freedom of commercial intercourse may be obtained in the future.

Resolved, That in the judgment of the National Board of Trade, it is both unnecessary and impolitic to complicate and embarrass the pressing and important issue of reciprocal trade between the United States and the Dominion of Canada, with any considerations or speculations bearing upon the political relations at the present time subsisting, or remotely possible, between the two countries.

Resolved, That a committee of nine, of which the President of the Board shall be Chairman, be appointed to take charge of this subject until the next meeting of the Board, and to adopt such continued action in reference to it as may seem expedient.

The resolutions as reported by the Committee were debated by several of the delegates, both American and Canadian, and were adopted by the Board by more than a two-thirds vote.

The Committee called for by the last resolution, was constituted by the appointment of the following gentlemen:—

FREDERICK FRALEY, Philadelphia,

J. S. T. STRANAHAN, New York,	E. P. DORR,	Buffalo,
HAMILTON A. HILL, Boston,	J. D. HAYES,	Detroit,
WM. P. McLAREN, Milwaukee,	R. B. BAYARD,	Baltimore,
WILEY M. EGAN, Chicago,	THOS. C. HERSEY,	Portland.

MILWAUKEE, August 23, 1877.